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OCT 19 1948

Assistant Director, Operations

Assistant Director, Reports and Estimates

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Contact of [REDACTED] of ORE with Mr. Ball of the Oil and Gas Division, Department of the Interior

REFERENCE: Memorandum from the Assistant Director for Operations, dated 12 October 1948 re Necessity for Prior Clearance with OO by ORE Before Making Contacts Covered by NSCID 7.

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1. The purpose of the visit to New York of [REDACTED] arranged by the Office of Operations, was to seek an opinion as to the accuracy of two widely differing estimates of the crude oil production of the USSR. The representatives of the oil companies contacted were fully cooperative, but were inconclusive in their opinions concerning the estimates presented to them for evaluation.

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2. Upon return to Washington on 30 September 1948, Messrs. [REDACTED] visited Mr. Max Ball of the Oil and Gas Division, Department of the Interior, in order to solicit from him, as a petroleum expert and on an informal basis, his opinion and evaluation concerning the accuracy of the two widely differing estimates. These estimates were revamped by [REDACTED] in order to prevent disclosure of the sources of the estimates. The Office of Collection and Dissemination was contacted on 7 October 1948, to obtain clearance to present the revamped material to Mr. Ball. The Office of Operations (Mr. [REDACTED]) was informed on 8 October 1948 that this material was being sent to Mr. Ball, and that it had been learned that Mr. Ball was consulting with geologists of commercial oil companies on 11 October 1948, and that CIA representation was not desired.

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3. [REDACTED] approach to Mr. Ball was predicated on the latter's status as Chairman of the Interdepartmental Petroleum Committee of which [REDACTED] is the duly constituted CIA member. In this connection, such contact is routine and regular, and requires no coordination.

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4. In the present instance, the sole reason for pre-clearing the matter with the Office of Collection and Dissemination and the Office of Operations was because it was desired to present certain classified data to Mr. Ball for his expert consultative evaluation. Such pre-clearance was requested upon the advice of [REDACTED] Office of the Executive for Inspections and Security.

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5. Mr. Ball's introduction of the industrial experts into the case was voluntary and gratuitous, and was in accord with procedures of his own organization. It does not appear that CIA can presume to dictate to another Governmental agency how it may or may not utilize consultant service; and the fact that such persons chance to be identified with the same commercial organizations as provide the Office of Operations contacts is not relevant.

6. It is considered essential to the accomplishment of the mission assigned to ORE that evaluation and other services of Governmental agencies be exploited, as was done in this case. Such procedure should not be misconstrued by the Office of Operations as being in conflict with provisions of NSCID 7 or preempting the Office of Operations' mission.

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THEODORE RABBITT

S/PP/ [REDACTED] /mem

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